

GERT SIBANDE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010



I am responsible for the preparation of these Consolidated Annual Financial Statements, which are set out on pages 3 to 32, in terms of Section 126(1) of the Municipal Finance Management Act 2003 (Act 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

M A NGCOBO, Pr. Tech. Eng, MSAICE, IMESA, FMWISA
MUNICIPAL MANAGER

8 December 2010

**GE-ODIT
AUDITED**

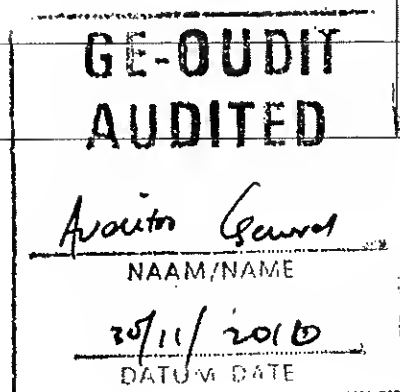
Auditor General

NAAM/NAME

30/11/2010

DATE

TABLE OF CONTENTS	PAGE NO
Report of the Auditor General	2
Statement of Financial Position	3
Statement of Financial Performance	4
Statement of Changes in Net Assets	5
Cash Flow Statement	6
Accounting Policies	7-14
Notes to the Annual Financial Statements	15-23
Appendix B: Analysis of Property, Plant & Equipment	24
Appendix C: Segmental Analysis of Property, Plant & Equipment	25
Appendix D: Segmental Statement of Performance	26-27
Appendix E(1): Actual Operating Revenue & Expenditure versus Budget	28-29
Appendix E(2): Actual Capital Expenditure versus Budget	30
Appendix F: Disclosures of Grants & Subsidies in terms of 123 of the Municipal Finance Management Act 2003	Section (Act 56 of 2003) 31
Appendix G: Reconciliation of Budget	32



GERT SIBANDE DISTRICT MUNICIPALITY AND IT'S MUNICIPAL ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

		Group		Municipality	
	Note	2010 R	2009 R	2010 R	2009 R
NET ASSETS AND LIABILITIES					
NET ASSETS		252,746,541	243,329,034	259,058,058	249,370,081
Accumulated Surplus		252,592,308	243,176,941	259,058,058	249,370,081
Outside partners interest		154,233	152,093		
NON - CURRENT LIABILITIES		113,836	179,097	25,799,293	25,364,172
Retirement Benefit	1	113,836	169,750	113,836	169,750
Finance lease liabilities	2	-	78,347	21,324,957	20,418,421
Deferred profit on sale and leaseback	3	-	-	4,360,500	4,845,000
CURRENT LIABILITIES		59,907,494	75,840,607	59,907,495	75,830,080
Creditors	4	59,701,421	75,634,534	59,701,422	75,624,007
Provisions	5	-	-	-	-
Unspent conditional Government grants	6	206,073	206,073	206,073	206,073
TOTAL NET ASSETS AND LIABILITIES		312,767,870	319,348,738	344,764,846	350,564,333
ASSETS					
NON - CURRENT ASSETS		232,012,389	126,537,977	265,982,038	159,611,516
Property, plant and equipment	7	231,979,747	126,524,523	231,979,747	126,524,523
Investment in Eastvaal Development Trust	8	-	-	7,874,297	6,978,188
Investment in Eastvaal Financing Partnership	9	-	-	26,095,352	26,095,352
Long term receivables	10	32,642	13,454	32,642	13,453
CURRENT ASSETS		80,755,481	192,810,761	78,782,807	190,952,817
Debtors	11	8,401,978	8,974,099	8,401,978	8,974,099
Investments	12	-	20,000,000	-	20,000,000
Irregular Expenditure - Recoupment	23	933,057	995,057	933,057	995,057
VAT	13	16,133,070	11,130,293	16,133,070	11,130,293
Bank balance and cash	14	55,137,610	151,352,948	53,164,944	149,495,002
Current portion of long term receivables	10	149,758	358,365	149,758	358,366
TOTAL ASSETS		312,767,870	319,348,738	344,764,846	350,564,333

**GE-ODIT
AUDITED**

NAAM/NAME

30/11/2010

DATE/DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30th JUNE 2010

		Group		Municipality	
		Actual 2010 R	Actual 2009 R	Actual 2010 R	Actual 2009 R
REVENUE					
Regional Services Levies - remuneration		-	418,929	-	418,929
Regional Establishment Levies - turnover			5,479	-	5,479
Interest earned - external investments		10,337,317	24,667,993	10,190,916	24,667,993
Interest earned - other		121,815	1,215,992	70,068	1,215,992
Government grants and subsidies	15	251,769,413	205,617,350	251,769,413	205,617,350
Other income	16	2,262,991	2,348,691	7,206,466	5,796,102
Gains on disposal of property, plant and equipment		752	93,015	752	93,015
TOTAL REVENUE		264,392,288	234,357,443	269,203,218	237,614,859
EXPENDITURE					
Employee related costs	17	39,213,614	31,992,012	39,213,614	31,992,012
Remuneration of Councillors	18	7,805,155	5,734,861	7,805,155	5,734,861
Depreciation		2,220,553	1,751,343	2,220,552	1,751,343
Repairs and maintenance		1,018,334	1,086,418	1,018,334	1,086,418
Contracted services		838,267	905,153	838,267	905,153
Grants and subsidies paid	19	189,743,093	170,027,951	189,743,093	170,027,951
Grants and subsidies paid: Depreciation	19	2,622,605	2,588,764	2,622,605	2,588,764
General expenses - other	20	12,285,354	11,103,152	12,285,354	11,103,152
Loss on disposal of property, plant and equipment		1,497	-	1,497	-
Finance Cost		-	1,432,033	4,547,750	4,305,754
Goodwill impairment		-	10,794,294	-	-
TOTAL EXPENDITURE		265,748,471	237,415,981	260,296,220	229,495,406
(DEFICIT)/SURPLUS FOR THE YEAR		8,643,817	(3,048,533)	8,906,998	8,319,452
Less: Outside Partners Interest		(2,140)	(2,553)		
Attributable to the Municipality		8,641,677	(3,051,086)	8,906,998	8,319,452

GE-0011
AUDITED

NAAM/NAME

30/11/2010

DATUM DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND IT'S MUNICIPAL ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Municipality NOTE	ACCUMULATED SURPLUS	TOTAL
		R	R
Balance at 1 July 2008 as previously stated		237,772,021	237,772,021
Surplus for the year		8,319,453	8,319,453
Prior year Adjustment	24	3,278,608	3,278,608
Balance at 30 June 2009		249,370,082	249,370,082
Balance at 1 July 2009		249,370,082	249,370,082
Deficit for the year		8,906,998	8,906,998
Prior year adjustment	24	780,978	780,978
Balance at 30 June 2010		259,058,058	259,058,058

	Group NOTE	ACCUMULATED SURPLUS	OUTSIDE PARTNERS INTEREST	TOTAL
		R		R
Balance at 1 July 2008 as previously stated		243,101,522		243,101,522
Acquisition of municipal entity		(154,856)	154,658	-
Deficit for the year		(3,048,533)	(2,563)	(3,051,096)
Prior year Adjustment	24	3,278,608		3,278,608
Balance at 30 June 2009		243,176,941	152,093	243,329,034
Balance at 1 July 2009		243,176,941	152,093	243,329,034
Surplus/(deficit) for the year		8,643,817	2,140	8,641,677
Prior year adjustment	24	771,550		771,550
Balance at 30 June 2010		252,592,308	154,233	252,746,541

**GE OUDIT
AUDITED**

NAAM/NAME

30/11/2010

DATUM/DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	Group 2009 R	2010 R	Municipality 2009 R
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from government and other		805,001,811	721,795,537	805,754,816	721,795,537
Cash paid to suppliers and employees		(821,351,251)	(787,732,531)	(822,123,190)	(787,732,531)
Cash generated from operating activities	20	(16,350,440)	34,063,006	(16,368,374)	34,063,006
Interest received		10,559,132	25,667,173	10,226,547	25,667,173
NET CASH FROM OPERATING ACTIVITIES		(5,800,308)	49,941,991	(6,212,287)	49,941,991
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(110,504,439)	(76,255,505)	(110,507,150)	(76,255,505)
Proceeds on disposal of fixed assets			258,079		258,079
Cash and cash equivalents from municipal entity			1,337,461		1,337,461
Decrease in non-current receivables		139,419	75,172	139,419	75,172
NET CASH FROM INVESTING ACTIVITIES		(110,315,029)	(74,196,819)	(110,317,771)	(74,034,993)
CASH FLOW FROM FINANCING ACTIVITIES					
New loans repaid		-	-	-	-
Other Capital receipts		-	-	-	-
NET CASH FROM FINANCING ACTIVITIES		-	-	-	-
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS		(116,215,326)	(24,254,828)	(116,530,058)	(26,092,909)
Cash and cash equivalent at the beginning of the year		171,152,945	166,607,773	169,495,002	195,567,311
Cash and cash equivalent at the end of the year	21	55,137,619	171,352,945	53,154,944	169,495,002

**GE-ODIT
AUDITED**

NAAM/NAME

30/11/2010

DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless otherwise stated.

These Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, issued in Government Gazette no. 28095 of 7 December 2005;
- General Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005 and in accordance with Section 122(3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003);

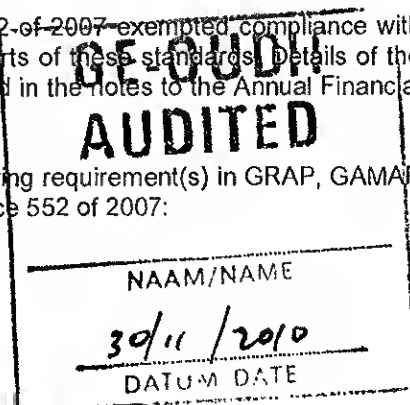
The Standards are summarised as follows:

GRAP 1	Presentation Of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes In Accounting Estimates And Errors
GRAP 4	The Effects Of Changes In Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated And Separate Financial Statements
GRAP 7	Investments In Associates
GRAP 8	Interests In Joint Ventures
GRAP 9	Revenue From Exchange Transactions
GRAP 10	Financial Reporting In Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After The Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant And Equipment
GRAP 19	Provisions, Contingent Liabilities And Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the abovementioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the Annual Financial Statements.

Further, the Municipality has elected to early adopt the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General Notice 552 of 2007:



Standard No.	Standard Title	GRAP, GAMAP and/or SA GAAP REQUIREMENTS, EXEMPTED IN TERMS OF General Notice 552 of 2007, that have been early adopted
IAS 19 (AC 116)	Employee benefits	Provision is made for medical aid contributions for the next three years for a continued member who is aged 74 and has a life expectancy of three years. Provision is also made for a 5% year on year increase in the contribution (IAS 19.29, 48 – 119 and 120A(c) – (q))
GAMAP 09	Revenue	Revenue is initially measured at fair value, after which it is discounted according to the ageing model and the effected interest rate (GAMAP 9.12 and SAICA circular 9/06)

Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality.

On acquisition, the assets and liabilities of a municipal entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised. The excess over the cost of acquisition over the fair value of the groups share of the fair value of the net assets and liabilities acquired is recorded as goodwill

The results of municipal entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other municipal entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation

2. PRESENTATION CURRENCY

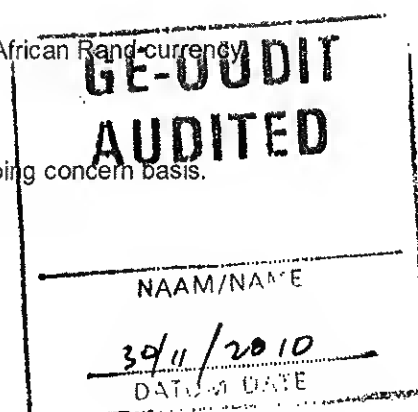
These annual financial statements are presented in the South African Rand currency.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. PROPERTY, PLANT AND EQUIPMENT (PPE)

4.1 Fixed Assets Are Stated As Follows:



- ❖ An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.
- ❖ Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.
- ❖ The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- ❖ Directly attributable costs include the following:
 - Cost of site preparation.
 - Initial delivery and handling costs.
 - Installation cost.
 - Professional fees.
 - Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.
- ❖ Leased Assets Capitalised – Assets subject to finance lease agreements are capitalised on the basis, where substantially all the risks and rewards associated with ownership of an asset, are transferred to the District Municipality.
- ❖ A capitalization threshold value of R5,000 has been adopted whereby all expenditure below the threshold of R5,000 is expensed when incurred. The threshold will be determined annually during the budget process.

4.2 Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation.

The useful lives of property plant and equipment is reviewed periodically and, if expectations are significantly different from previous estimates, the depreciation charge from the current and future periods shall be adjusted.

Capitalised leased assets are depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets.

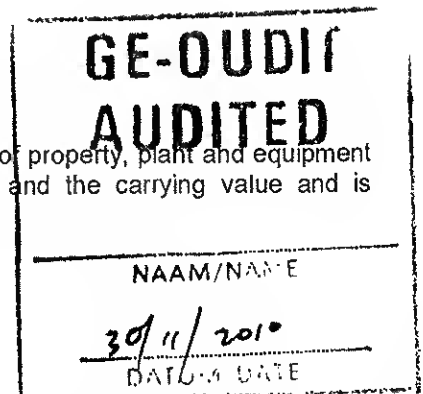
Where property, plant and equipment have been impaired, the carrying amount shall be reduced to the recovery amount and the reduction shall be recognized as an expense immediately.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. No reviewing of the depreciation method and useful lives were performed in 2008/2009. The annual depreciation rates are based on the following estimated asset lives:-

<u>Infrastructure and Other</u>	<u>Years</u>
Buildings	30
Specialist vehicles	10
Other vehicles	5
Office equipment	5
Furniture and fittings	10
Construction vehicles	15
Capitalised leased assets	3-5

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4.3 Disposal of Property, Plant and Equipment



- ❖ The book values of assets are written off on disposal
- ❖ The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

4.4 Impairment

Where the carrying amount of an item of Property, Plant and Equipment is greater than the estimated recoverable amount, it should be written down immediately to its recoverable amount and an impairment loss is charged to the statement of Financial Performance. At each reporting date an assessment should be undertaken to determine whether there is any indication that any items of PPE may be impaired by reviewing external and internal sources of information which indicates that impairments may have occurred, however no impairment of assets may be deemed to be realised during the financial year under review.

5. FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

5.1 Accounts receivable

Other receivables are recognised initially at cost and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

5.2 Financial liabilities

Financial liabilities are recognised initially at fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

5.3 Gains and losses

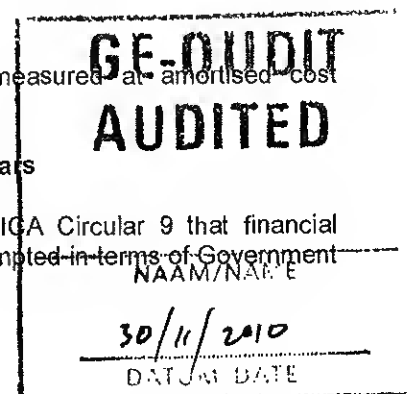
Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

5.4 Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Accounting policy for the 2006/2007 and 2007/2008 financial years

The requirement of IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 that financial instruments should initially be measured at fair value has been exempted in terms of Government Gazette 30013 of 29 June 2007.



5.4 Investment in Municipal Entities

Group annual financial statements

The group annual financial statements include those of the municipality and its municipal entities. The results of the municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the municipal entity's identifiable assets, liabilities and contingent liabilities at fair value. The excess over the cost of acquisition over the fair value of the groups share of the fair value of the net assets and liabilities acquired is recorded as goodwill.

Municipal annual financial statements

Investments in partnerships are initially recognised at cost, and subsequently carried at cost less any accumulated impairment, investments in trusts initially recognised at the cost of the investment in the trust, and are subsequently carried at fair value, with fair value being the net assets of the trust.

Consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

6. TRADE CREDITORS

Accounting policy for the 2006/2007 and 2007/2008 financial years

Trade and other creditors including leave pay are recognised initially at cost in accordance with the exemptions in Government Gazette 30013 of 29 June 2007. Accordingly the creditors and leave pay were stated at nominal value and no discounting was accounted for.

6.1 Provisions

A provision is recognised when the Municipality has a present obligation (legal or constructive); as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and hence a reliable estimate of the provision can be made. Provisions are reviewed at each statement of financial position, date and adjusted to reflect the current best estimate.

7. REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

7.1 Government Grants:

Government Grants may be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

7.2 Government grants are recognised as revenue when:

GE-ODUIT
AUDITEUR
NAAM/NAME
30/11/2010
DATE/DATE

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

7.3 Other grants and donations received:

Other grants and donations shall be recognised as revenue when:

- service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, it is probable that the economic benefits or and
- To the extent that there has been compliance with any restrictions associated with the grant.

7.4 Other Revenue:

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

7.5 Interest received:

Interest shall be recognized on a time proportionate basis that takes into account the effective yield on the asset.

8. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from Conditional Grants, Donations and Funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

8.1 Unspent Conditional Grants

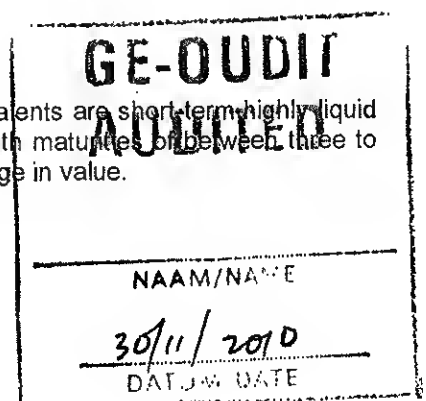
Unspent conditional grants are reflected on the statement of financial position as a current liability – unspent conditional grants. These amounts represent unspent Government Grants and Subsidies. The following conditions are set for the creation and utilisation of these current liability amounts (Creditors)

- ♦ The cash which backs the creditor is invested until utilised
- ♦ Interest earned on the investment is treated in accordance with receipt practices of the Municipality and is recognised as interest earned.

9. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of between three to six months or less and are subject to an insignificant risk of change in value.

10. UNAUTHORISED EXPENDITURE



Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy or as a direct result of inappropriate action being perpetrated. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

13. COMPARATIVE INFORMATION

13.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

13.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

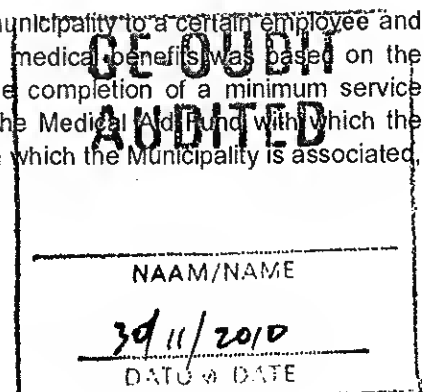
14. POST - RETIREMENT BENEFITS

14.1 General

Defined Contribution plans are benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

14.2 Medical Aid: Continued Member

Post employment medical care benefits are provided by the municipality to a certain employee and their legitimate spouses. The entitlement to post-retirement medical benefits was based on the employee remaining in service up to retirement age and the completion of a minimum service period and in compliance with the rules and regulations of the Medical Aid Fund with which the Municipality is associated. The current Medical Aid Fund with which the Municipality is associated, does not provide for continued membership.



The amount recognised in the balance sheet represents the present value of the defined contribution obligation. The amount is discounted by using the market related interest rate at the balance sheet date.

15. **BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

16. **LEASES**

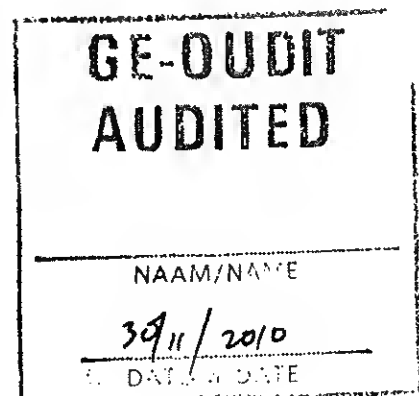
Leases are classified as financial leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the District Municipality. Assets subject to Finance Lease Agreements are capitalised and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayments. Lease interest would be expensed when incurred.

17. **EVENTS AFTER BALANCE SHEET DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements

18. **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.



GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010	2009
			R	R
1 RETIREMENT BENEFIT				
Contribution: Medical aid	113,836	100,750	113,836	100,750
	<u>113,836</u>	<u>100,750</u>	<u>113,836</u>	<u>100,750</u>

Provision has been made for contribution to the medical aid for a previously retired employee in compliance with the medical aid rulings at that point of time.

2 FINANCE LEASE LIABILITY

Finance lease liability- Minimum lease payments				
Not later than 1 year	-	78,347	4,061,667	3,641,212
Later than 1 year and no later than 5 years	-	-	23,134,760	27,198,428
Greater than 5 years	-	-	23,340,165	23,340,165
Less Future finance charges	-	-	(29,211,635)	(33,759,384)
Present value of finance lease liabilities	-	<u>78,347</u>	<u>21,324,957</u>	<u>20,418,421</u>

The present value of the finance lease liabilities is as follows:

No later than 1 year	-	78,347	(675,278)	(906,538)
Later than 1 year and no later than 5 years	-	-	4,577,754	3,902,476
Later than 5 years	-	-	17,422,481	17,422,483
	-	<u>78,347</u>	<u>21,324,957</u>	<u>20,418,421</u>

3 Deferred Profit on sale and lease back

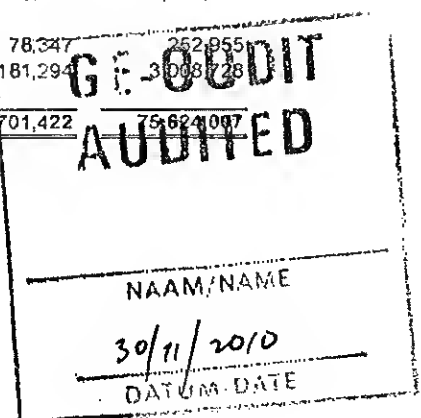
The municipality entered in a leasing arrangement with the Eastvaal Development Trust and the Eastvaal Financing Partnership in 1998, the result of this was that the municipality entered in a finance sale and lease back transaction, the effects of this

Profit on sale and leaseback		9,690,000	9,690,000
Accumulated amortisation of profit on sale and leaseback		<u>(5,329,500)</u>	<u>(4,845,000)</u>
		<u>4,360,500</u>	<u>4,845,000</u>

4 CREDITORS

Trade creditors	28,604,110	52,026,833	28,604,110	52,016,306
Retention	27,661,755	18,001,179	27,661,755	18,001,179
Other	1,175,916	2,344,839	1,175,916	2,344,839
Capitalised Finance Lease Liabilities - Refer 4.1 below	78,347	252,955	78,347	252,955
Staff leave pay	2,181,294	3,008,728	2,181,294	3,008,728
Total	<u>59,701,422</u>	<u>75,634,534</u>	<u>59,701,422</u>	<u>75,624,007</u>

4.1 Capitalised finance lease agreements are repayable in monthly installments over the ensuing financial year and the total commitment in this regard is R78347



GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010	2009
	R	R	R	R
5 PROVISIONS				
Balance unspent at the beginning of the year	-	6,805,149	-	6,805,149
Current year expenditure	-	(6,202,415)	-	(6,202,415)
Savings written back	-	(602,734)	-	(602,734)
Additional provisions	-	-	-	-
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Provision has been made in terms of
Legal/Constructive obligations as a result of
past events

6 UNSPENT CONDITIONAL GOVERNMENT GRANTS

MIG Grant	206,073	206,073	206,073	206,073
MSIG Grant	-	-	-	-
FMG Grant	-	-	-	-
CBPMP	-	-	-	-
Total	<u>206,073</u>	<u>206,073</u>	<u>206,073</u>	<u>206,073</u>

7 PROPERTY, PLANT AND EQUIPMENT

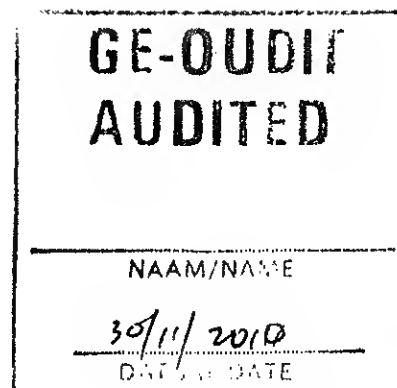
	Group and Municipality		
30 June 2010	Cost	Accumulated Depreciation	Carrying Value
PROPERTY, PLANT AND EQUIPMENT			
Buildings	196,427,522	4,191,227	194,238,295
Other Assets	52,846,884	15,103,432	37,743,452
Total	<u>251,274,406</u>	<u>19,294,659</u>	<u>231,979,747</u>

Total fixed assets

	Group and Municipality		
30 June 2009	Cost	Accumulated Depreciation	Carrying Value
PROPERTY, PLANT AND EQUIPMENT			
Buildings	91,222,604	3,728,328	87,494,276
Other Assets	49,759,413	10,729,166	39,030,247
Total	<u>140,982,017</u>	<u>14,457,494</u>	<u>126,524,523</u>

Refer Appendix B & C for more detail on
property, plant and equipment

The following stands were donated by
Msukaligwa Local Municipality to Gert Sibande
District Municipality during the financial year:
Portion 229 (A portion of portion 11) of the farm
Nooitgedacht 268; Portion 230 (A portion of
portion 13) of the farm Nooitgedacht 268; Portion
232 (A portion of portion 97) of the farm
Nooitgedacht 268; Portion 233 (A portion of
portion 97) of the farm Nooitgedacht 268; and
Portion 231 (A portion of portion 13) of the farm
Nooitgedacht 268. As at the financial year end
the portions mentioned were in the process of
being consolidated and rezoned with registration
in the deeds office to follow in the name of the
Gert Sibande District Municipality. The value of
the consolidated stand is not known at this stage.



GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010 R	2009 R	2010 R	2009 R
8 Investment in Eastvaal Development Trust				
100% Beneficiary				
Net Assets				
Investment in finance lease			6,863,928	6,957,725
Cash and cash equivalents			1,010,389	20,463
Loan from Eastvaal financing partnership				
			<u>7,874,297</u>	<u>6,978,188</u>
Comprising:				
Donation			100	100
Net income available for distribution			<u>7,874,197</u>	<u>6,978,088</u>
			<u>7,874,297</u>	<u>6,978,188</u>

The investment in the Eastvaal Development Trust is carried at fair value. The fair value of the trust is determined by reference to the net asset value of the trust.

9 Investment in the Eastvaal Financing Partnership

99% Partnership Interest				
Net Assets				
Investment in finance lease			21,324,959	20,340,073
Cash and cash equivalents			962,305	1,837,482
Sundry Creditor			-	(10,336)
Finance lease liability			(6,863,928)	(6,957,726)
VAT				(191)
			<u>15,423,336</u>	<u>15,209,302</u>
Comprising:				
Partnership contributions			36,049,487	36,049,487
Accumulated loss			(20,626,151)	(20,840,184)
Fair value of the net assets of the partnership			<u>15,423,336</u>	<u>15,209,303</u>
Fair value of Gert Sibande's interest in the partnership				
Amount paid to obtain control of the partnership			<u>26,095,352</u>	<u>26,095,352</u>
Carrying amount of investment in the partnership			<u>26,095,352</u>	<u>26,095,352</u>

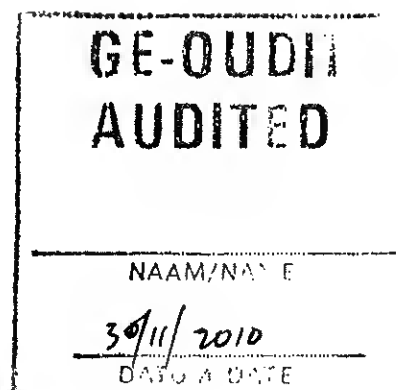
The investment in the partnership is carried at the cost of obtaining control of the partnership, less annual distributions of contributions.

10 LONG TERM RECEIVABLES

Study Bursaries	73,209	120,859	73,209	120,859
Motor Loans	109,192	250,960	109,192	250,960
Total	<u>182,401</u>	<u>371,820</u>	<u>182,401</u>	<u>371,820</u>
Less: Short Term Portion	(149,758)	(358,366)	(149,758)	(358,366)
Total: Long Term Portion	<u>32,642</u>	<u>13,454</u>	<u>32,642</u>	<u>13,454</u>

MOTOR LOANS

Senior staff were entitled to motor loans which attracted interest at 8.5% per annum and which were repayable over a maximum period of 6 years. As from 1 July 2004 no new loans were approved in compliance with the MFMA



GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010	2009
	R	R	R	R
11 DEBTORS				
Current debtors	-	-	-	-
Other Debtors	149,333	250,865	149,333	250,865
Local authorities	8,252,644	8,723,234	8,252,644	8,723,234
	<u>3,401,975</u>	<u>8,974,099</u>	<u>8,401,978</u>	<u>8,974,099</u>
Reconciliation of the bad debt provision				
Balance at beginning of the year	-	6,658,754	-	6,658,754
Bad Debts written off against provision	-	(6,658,754)	-	(6,658,754)
Balance at end of year	-	-	-	-
12 INVESTMENTS				
Fixed Deposits consist of the following:				
Absa - short term - 6 months at an interest rate of 7.25%		10,000,000		10,000,000
FNB - short term - 6 months at an interest rate of 7.25%		10,000,000		10,000,000
Total	-	<u>20,000,000</u>	-	<u>20,000,000</u>
Deposit investment relate to capital and interest contributed by Gert Sibande District Municipality to a sinking fund invested with Nedcor Investment Bank.				
13 VAT				
VAT receivable	16,133,070	11,130,293	16,133,070	11,130,293
VAT is payable on the receipts basis.	<u>16,133,070</u>	<u>11,130,293</u>	<u>16,133,070</u>	<u>11,130,293</u>
14 BANK BALANCES AND CASH				
The primary bank account is as follows:				
ABSA BANK- Secunda Account no 01053971462 Branch code - 630244				
Cashbook balance at beginning of the year	151,352,946	195,583,211	149,284,230	195,583,211
Cashbook balance at end of the year	<u>55,137,618</u>	<u>151,352,946</u>	<u>52,938,597</u>	<u>149,284,230</u>
Bank statement balance at beginning of the year	151,352,946	181,500,434	149,435,621	181,500,434
Bank statement balance at end of the year	<u>55,137,618</u>	<u>151,352,946</u>	<u>52,939,395</u>	<u>149,435,621</u>

**GE-ODIT
AUDITED**

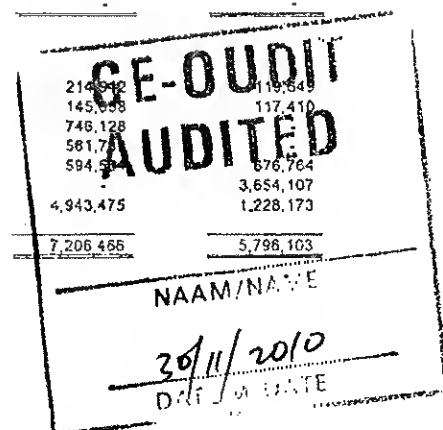
NAAM/NAME

30/11/2010
DATE/DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010 R	2009 R	2010 R	2009 R
15 GOVERNMENT GRANTS AND SUBSIDIES				
Equitable share	10,694,263	8,673,981	10,694,263	8,673,981
Revenue Replacement Grant	215,490,000	189,203,983	215,490,000	189,203,983
MIG Grant	0	169,148	0	169,148
CBPWP	335,150	2,979,432	335,150	2,979,432
MSIG Grant	1,300,000	890,501	1,300,000	890,501
FMG Grant	750,000	501,756	750,000	501,756
Province and Govan Mbeki	20,000,000		20,000,000	
DWAF	3,200,000	3,198,548	3,200,000	3,198,548
Total	251,769,413	205,617,348	251,769,413	205,617,348
16.1 Equitable share				
In terms of the Constitution, this grant is utilised to subsidise basic services for the indigent community. Due to the fact that the District Municipality is not providing for basic services this grant is included in income.				
16.2 MIG Grant				
Balance unspent at the beginning of the year	206,073	375,221	206,073	375,221
Correction from previous year	-	-	-	-
Conditions met - transfer to revenue	-	(169,148)	-	(169,148)
Conditions still to be met - transfer to liabilities (see note 4)	206,073	206,073	206,073	206,073
This grant is being used for several projects within the Category B Municipalities in the Gert Sibande region. This project is being implemented by the District Municipality.				
16.3 MSIG Grant				
Balance unspent at the beginning of the year	-	155,501	-	155,501
Current year receipts	1,300,000	735,000	1,300,000	735,000
Conditions met - transfer to revenue	(1,300,000)	(890,501)	(1,300,000)	(890,501)
Conditions still to be met - transfer to liabilities (see note 4)	-	-	-	-
16.4 FMG Grant				
Balance unspent at the beginning of the year	-	1,756	-	1,756
Current year receipts	750,000	500,000	750,000	500,000
Conditions met - transfer to revenue	(750,000)	(501,756)	(750,000)	(501,756)
Conditions still to be met - transfer to liabilities (see note 4)	-	-	-	-
16.5 CBPWP				
Balance unspent at the beginning of the year	-	2,979,432	-	2,979,432
Current year receipts	335,155	-	335,155	-
Conditions met - transfer to revenue	(335,155)	(2,979,432)	(335,155)	(2,979,432)
Conditions still to be met - transfer to liabilities (see note 4)	-	-	-	-
16.6 DWA				
Balance unspent at the beginning of the year	-	-	-	-
Current year receipts	3,200,000.0	3,198,548.0	3,200,000.0	3,198,548.0
Conditions met - transfer to revenue	(3,200,000.0)	3,198,548.0	(3,200,000.0)	3,198,548.0
Conditions still to be met - transfer to liabilities (see note 4)	-	-	-	-
16 OTHER INCOME				
Tender Deposits	214,912	119,649	214,912	119,649
LGSeta allocations	145,658	117,410	145,658	117,410
Province donation	746,128	-	746,128	-
Refention written back	561,730	-	561,730	-
Other income	594,564	676,764	594,564	676,764
Donation - CIDA	-	206,695	-	3,654,107
Investment deposit agreement	-	1,228,173	4,943,475	1,228,173
Total other income	2,262,991	2,348,691	7,208,468	5,798,103



GERT SIBANGE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010	2009
			R	R
17 EMPLOYEE RELATED COSTS				
Employee related cost - Salaries and wages	26,382,192	24,323,353	26,382,192	23,323,353
Employee related cost - Contributions for UIF, pensions and medical aids	6,215,472	5,095,573	6,215,422	5,095,573
Travel and other allowances	3,798,425	2,740,628	3,798,425	2,740,628
Housing benefits and allowances	228,431	224,318	228,431	224,318
Overtime payment	195,650	240,691	195,650	240,691
Annual bonus	390,515	367,449	390,515	367,449
Total Employee related costs	39,213,614	31,992,012	39,213,614	31,992,012

There were no advances to employees. No new loans was approved.

Remuneration of the Municipal Manager

Annual Remuneration	677,781	651,611	677,781	651,611
Annual bonus - Provision	97,530	89,889	97,530	89,889
Car allowances	159,692	152,116	159,692	152,116
Contributions to UIF, Medical and pension funds	184,933	136,094	184,933	136,094
Total	1,119,936	1,029,710	1,119,936	1,029,710

Remuneration of the Chief Financial Officer

Annual Remuneration	632,628	474,567	632,628	474,567
Annual bonus - Provision	76,167	70,200	76,167	70,200
Car allowances	149,640	118,647	149,640	118,647
Contributions to UIF, Medical and pension funds	20,728	57,919	20,728	57,919
Total	879,164	721,353	879,164	721,353

**Remuneration of Individual Executive Directors
30 June 2010**

	Group and Municipality	
	Corporate Services	MIS
	R	R
Annual Remuneration	367,267	524,845
Annual bonus - Provision	68,000	76,167
Car allowances	92,163	124,356
Contributions to UIF, Medical and pension funds	22,054	146,214
Total	550,085	871,583

30 June 2010

	IGR Mayor's Office	
	R	R
Annual Remuneration	514,687	549,820
Annual bonus - Provision	72,652	
Car allowances	128,672	81,125
Contributions to UIF, Medical and pension funds	89,363	144,592
Total	805,393	755,537

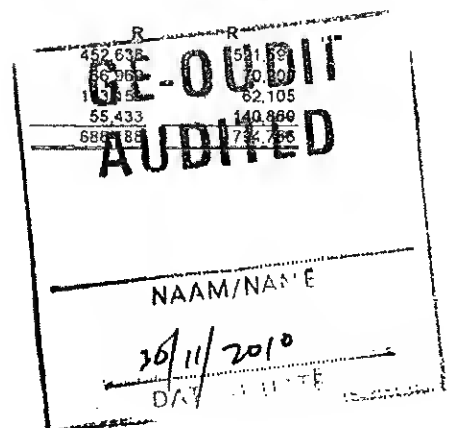
30 June 2009

	Corporate Services MIS	
	R	R
Annual Remuneration	255,013	473,125
Annual bonus - Provision	0	70,200
Car allowances	50,541	113,367
Contributions to UIF, Medical and pension funds	57,045	132,396
Total	362,599	789,088

30 June 2009

	IGR Mayor's Office	
	R	R
Annual Remuneration	452,638	581,181
Annual bonus - Provision	66,961	70,200
Car allowances	111,355	62,105
Contributions to UIF, Medical and pension funds	55,433	140,866
Total	686,387	854,352

For 2009 an amount of R367,449 is provided as annual bonus for management, and included as a creditor in note 3.



GEORGE SIBANE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010 R	2009 R
18 COUNCILLORS REMUNERATION				
Executive Mayor	609,749	495,544	609,749	495,544
Speaker	457,053	398,357	457,053	398,357
Mayoral Committee's alternate	2,437,043	1,920,235	2,437,043	1,920,235
Councillors	3,245,255	2,547,944	3,245,255	2,547,944
Councillor's pension fund	643,210	500,813	643,210	500,813
Metropolitan contribution	199,250	199,105	199,250	199,105
Uf Contribution	13,654	12,852	13,654	12,852
Total Councillors Remuneration	7,805,155	5,734,661	7,805,155	5,734,661

IN-KIND BENEFITS

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor is staying in a house of Council.

19 GRANTS AND SUBSIDIES PAID

Grants paid to local Municipalities	189,659,073	169,837,112	189,659,073	169,837,112
Grants paid to charities	34,030	190,239	34,030	190,239
	<u>189,743,093</u>	<u>170,027,351</u>	<u>189,743,093</u>	<u>170,027,351</u>
Grants applied to local Municipalities for GDM vehicles utilised				
Depreciation	2,622,655	2,588,294	2,622,655	2,588,294
Total Grants and Subsidies	192,365,693	172,615,645	192,365,693	172,615,645

20 CASH GENERATED BY OPERATIONS

Net Profit/Surplus for the year	8,643,817	8,319,452	8,643,817	8,319,452
Adjustments for:				
Depreciation	4,843,157	4,340,107	4,843,157	4,340,107
Contribution to provisions	-	2,410,505	-	2,410,505
Gain on disposal of property, plant and equipment	-	(78,394)	-	(78,394)
Assets adjustment	9,802	-	9,802	-
Prior year adjustment	750,975	-	750,975	(1,398,606)
Relations Reversed	(551,730)	-	-	-
Other income	-	-	-	-
Other non-cash transactions	(8,390)	-	-	-
Interest income	(10,359,152)	(25,883,985)	(10,359,152)	(25,883,985)
Interest income other	-	(1,703,228)	-	(1,703,228)

Operating surplus before working capital changes	3,349,505	(12,603,162)	3,349,505	(12,603,162)
(Increase)/decrease in Debtors	634,121	4,188,951	634,121	4,188,951
(Increase)/decrease in Investments in Trust	-	-	-	-
Increase/(decrease) in Unspent conditional grant and receipts	-	(3,305,839)	-	(3,305,839)
Increase/(decrease) on VAT receivable	(5,092,777)	2,136,007	(5,092,777)	2,136,007
Increase/(decrease) in Creditors	(15,240,292)	33,639,068	(15,240,292)	33,639,068
Cash generated by operations	(16,252,440)	24,056,066	(16,252,440)	24,056,066

21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position

Bank balance - ABSA	52,938,597	149,284,230	52,938,597	149,284,230
Bank balance - Nedbank	220,247	204,673	220,247	204,673
Post office cash	6,100	6,100	6,100	6,100
Trust	1,010,359	20,462	-	-
Partnership	952,305	1,837,422	-	-
Investments	-	20,000,000	-	20,000,000
Total	55,137,618	171,352,646	55,137,618	169,495,003

**GE-ODUIT
AUDITED**

NAAM/NAME

30/11/2010
DATUM/DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010	2009	2010	2009
	R	R	R	R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL				
22 FINANCE MANAGEMENT ACT				
22.1 Contributions to organized local government				
Opening balance	-	-	-	-
Council subscriptions	336,199	213,459	336,199	213,459
Amount paid - current year	336,199	213,459	336,199	213,459
Balance unpaid	-	-	-	-
22.2 Audit fees				
Opening balance	-	-	-	-
Current year audit fees	1,792,197	1,029,847	1,792,197	1,029,847
Amount paid - current year	1,792,197	1,029,847	1,792,197	1,029,847
Balance unpaid	-	-	-	-
22.3 VAT				
All VAT returns have been submitted by the due date throughout the year				
The VAT receivables are shown in note 5.				
22.4 Payee and UIF				
Opening balance	-	-	-	-
Current year payroll deduction and Council Contributions	7,457,921	5,478,101	7,457,921	5,478,101
Amount paid - current year	7,457,921	5,478,101	7,457,921	5,478,101
Balance unpaid	-	-	-	-
22.5 Pension and Medical Aid Deductions				
Opening balance	-	-	-	-
Current year payroll deduction and Council Contributions	10,357,297	7,801,037	10,357,297	7,801,037
Amount paid - current year	10,357,297	7,801,037	10,357,297	7,801,037
Amount paid - previous year	-	-	-	-
Balance unpaid	-	-	-	-
23 IRREGULAR EXPENDITURE - RECOUPMENT				
Balance unspent at the beginning of the year	995,057	940,057	995,057	940,057
Current year recovered	(62,000)	(65,000)	(62,000)	(65,000)
Expenditure incurred during the year	-	120,000	-	120,000
	933,057	995,057	933,057	995,057

A factual findings report was undertaken by a reputed firm of Forensic Auditors and this document was tabled with GSDM's Insurance company as the potential loss shall be further reduced with an insurance compensation. Legal processes are currently in place to recover any outstanding loss from perpetrators who have been identified by the SAPS.

Incorrect payment - SARS

In addition during 2008/2009 an amount of R120,000.35 was inadvertently paid to an individual who misrepresented himself as a SARS employee. An amount of R62,000 was recovered during this financial year

**GE-ODIT
AUDITED**

NAAM/NAME

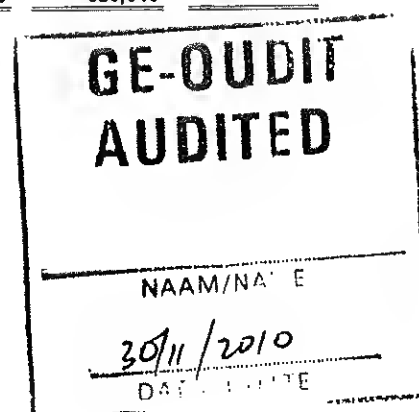
30/11/2010
DATE

GERT SIBANDE DISTRICT MUNICIPALITY AND ITS MUNICIPAL ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Group		Municipality	
	2010 R	2009 R	2010 R	2009 R
24 PRIOR YEAR ADJUSTMENT				
Interest repaid incorrectly received during 2008/2009	(12,434)	-	(12,434)	-
Vat levied but not received	793,412	-	793,412	-
Depreciation on capitalized leased Assets - Prior year	-	190,047	-	190,047
Provision for finance lease liability	-	(190,047)	-	(190,047)
Provisions Incorrectly provided	-	2,918,608	-	2,918,608
Land Donated by Msukaligwa	-	360,000	-	360,000
Sundry	(9,428)	-	-	-
	<u>771,550</u>	<u>3,278,608</u>	<u>780,978</u>	<u>3,278,608</u>
25 CAPITAL AND OTHER COMMITMENTS				
Commitment in respect of capital and other expenditure				
- Approved and contracted for Capital Projects	163,785,066	230,044,846	147,591,209	230,044,846
Total	<u>163,785,066</u>	<u>230,044,846</u>	<u>147,591,209</u>	<u>230,044,846</u>
This expenditure will be financed from:				
- Own Resources	163,785,066	230,044,846	147,591,209	230,044,846
Total	<u>163,785,066</u>	<u>230,044,846</u>	<u>147,591,209</u>	<u>230,044,846</u>
26 GENERAL EXPENDITURE - OTHER				
ADVERTISEMENTS	270,872	361,301	270,872	361,301
AUDIT FEES	2,406,586	2,275,319	2,406,586	2,276,319
BANK COSTS	83,707	75,375	83,707	75,375
RENTAL	344,892	261,834	344,892	261,834
TECHNICAL SUPPORT	269,457	420,380	269,457	420,380
ENTERTAINMENT	499,186	597,403	499,186	597,403
INSURANCE	719,518	517,089	719,518	517,089
EQUIPMENT AND FURNITURE	325,195	136,252	325,195	136,252
LEGAL COSTS	335,045	813,545	335,045	813,545
MEMBERSHIP AND SUBSCRIPTION FEES	365,949	258,133	365,949	258,133
MUNICIPAL AND OTHER SERVICES	2,064,594	747,082	2,064,594	747,082
PROGRAM ALTERATIONS	163,007	43,482	163,007	43,482
TRAVEL & SUBSISTANCE	1,555,490	1,472,982	1,555,490	1,472,982
SECURITY	234,015	217,830	234,015	217,830
SERVICE TRAINING	614,939	915,481	614,939	915,481
STATIONERY AND PUBLICITY	481,097	462,876	481,097	462,876
TELEPHONE	1,551,803	1,526,786	1,551,803	1,526,786
TOTAL	<u>12,285,354</u>	<u>11,103,152</u>	<u>12,285,354</u>	<u>11,103,152</u>
27 CONTINGENT LIABILITIES				
Disputed Contrator Claim	<u>620,810</u>	<u>0</u>	<u>620,810</u>	<u>0</u>

Currently the Municipality is in the process of finalising a legal claim on behalf of a contractor.



GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010
Group and Municipality

	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET 2010
	OPENING BALANCE		ADDITIONS		CLOSING BALANCE		DISPOSAL TRANSFER			
	R	R	R	R	R	R	R	R		
LAND AND BUILDINGS										
Building	91,222,604	23,134,511	84,070,407	0	198,427,522	3,728,326	462,895	0	4,191,227	194,236,295
	91,222,604	23,134,511	84,070,407	0	198,427,522	3,728,326	462,895	0	4,191,227	194,236,295
OTHER ASSETS										
Equipment	5,048,508	3,102,271	0	(14,800)	8,135,979	1,139,328	695,255	(9,592)	4,587,091	2,454,310
Furniture	403,065	0	0	-	403,065	597,560	40,457	0	236,017	6,690
Vehicles	43,545,371	0	0	-	43,545,371	6,202,811	3,498,692	0	9,701,404	30,843,967
Capitalised Lease Assets	762,480	0	0	-	762,480	421,157	145,754	0	576,921	185,548
	48,759,413	3,102,271	0	(14,800)	52,846,884	10,729,466	4,380,258	(9,592)	15,103,432	37,743,452
TOTAL	140,982,017	26,236,783	84,070,407	(14,800)	251,274,406	14,457,391	4,843,157	(9,592)	19,287,669	231,979,747

RECEIVED
AUDITED

DATE

30/11/2010

DATE

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2010

Group and Municipality

	COST			ACCUMULATED DEPRECIATION			CARRYING VALUE
	OPENING BALANCE 1/1/2009	ADDITIONS	WORK IN PROGRESS	DISPOSALS / TRANSFERS	CLOSING BALANCE 30/6/2010	OPENING BALANCE 1/1/2009	
	R	R	R	R	R	R	R
Executive and Council	84,440,848	26,952,072	84,070,407	0	104,462,420	2,254,870	3,521,097
Finance and admin	18,291,439	244,591	0	7,500	18,528,530	7,151,314	6,000,097
Planning and development	500,556	20,720	0	7,000	513,276	260,555	361,066
Local Authorities	37,650,102	0	0	0	37,650,102	4,788,365	10,300,142
TOTAL	140,982,011	26,236,783	84,070,407	-14,800	251,274,406	14,457,494	231,979,777

30/6/2010

30/6/2010

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

		2009		2010		2010		2010	
		Municipality							
		2009		2010		2010		2010	
		Actual Income	Actual Expenditure	Surplus		Actual Income	Actual Expenditure	Surplus	
	R	R	R	R	R	R	R	R	R
		6,347,128	172,425,875	-166,078,747		20,000,000	-92,385,698	-172,385,698	
		0,347,128	172,425,875	-166,078,747		20,000,000	107,275,096	127,275,096	
		228,070,320	64,799,257	163,271,063	Contribution to Local Authorities	244,002,208	63,292,774	180,709,434	
		3,684,517	25,095,476	-21,410,959	Corporate Services	87,873	20,751,372	20,663,500	
		224,127,301	20,445,047	203,682,254	Budget & Treasury	249,420,345	11,003,283	238,417,062	
		174	2,036,877	2,036,703	Health	170	2,515,631	2,515,461	
		205,440	13,758,810	13,553,370	MIS & IGR	3,266,111	12,500,503	9,234,392	
		1,203	1,740,515	-1,739,312	Municipal Buildings	1,809	1,009,002	819,797	
		1,206	1,722,349	-1,721,143	Computer Services	7,426	2,345,001	2,337,575	
		0	190,639	-190,639	Donations	0	0	0	
		0	190,639	-190,639		0	0	0	
		234,357,448	237,415,591	-3,048,143		264,307,288	352,746,472	8,643,817	

RECEIVED
AUDITED
30/11/2010
N.A.M.N.A.T.E

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX D

SEGMENTAL STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

Group

	2009	2009	2009	2010	2010	2010
	Actual Income	Actual Expenditure	Surplus	Actual Income	Actual Expenditure	Surplus
R	R	R	R	R	R	R
	6,347,128	172,425,876	-166,078,747	20,000,000	192,281,577	-172,281,577
	6,347,128	172,425,876	-166,078,747	20,000,000	192,281,577	-172,281,577
	231,487,731	56,878,684	174,583,035	249,203,218	67,930,523	181,272,694
	3,884,517	25,096,476	-21,410,960	41,873	26,731,372	-25,689,499
	227,574,712	12,524,474	215,050,237	245,591,198	16,491,032	229,110,164
	174	2,036,877	-2,036,703	836	4,518,631	-4,518,796
	205,840	13,758,910	-13,553,070	3,565,517	15,850,823	-12,285,306
	1,232	1,740,574	-1,739,342	1,366	1,559,063	-1,557,597
	1,256	1,722,383	-1,721,127	2,428	2,348,601	-1,346,172
	0	190,839	-190,839	0	84,020	-84,020
	0	190,839	-190,839	0	84,020	-84,020
	237,814,859	229,495,408	8,319,452	269,203,218	260,296,220	8,906,997

8,906,997

8,906,997

NAAMASTE

30/11/2010

DATE

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010

Municipality

	Actual 2010	Budget 2010	Variance 2010	Variance 2010 %	Explanation of variances greater than 10%
	R	R	R	%	
REVENUE					
Interest earned - external investments	10,237,317	8,635,064	1,602,253	19%	Due to projects late implementation, more funds were available for investment
Interest earned - outstanding debtors	121,515	0	121,515	100%	Interest on outstanding mortgages recovered
Government grants and subsidies	251,769,413	251,514,400	155,013	0%	A decision was received from COGTA not budgeted for, as well as a decision within JICA
Other income	2,262,991	955,535	1,307,456	137%	The income on the trust was not budgeted for
Gains on disposals of property, plant and equipment	752	0	752	100%	Gains on disposal of PPE not budgeted for
TOTAL REVENUE	264,392,288	261,204,599	3,187,289	1%	
EXPENDITURE					
Employee related cost	36,213,614	56,201,373	-19,987,759	-22%	Not all persons were fixed on the organogram, resulting in less expenditure than budgeted for
Remuneration of Councillors	7,805,155	8,378,207	-573,052	-7%	
Depreciation	2,220,552	1,929,952	290,600	15%	Depreciation on asset register completed was not budgeted for
Repairs and maintenance	1,018,334	1,075,934	-57,600	-5%	
Contracted services	838,267	658,943	179,324	2%	
Grants and subsidies paid	192,365,690	212,314,660	-19,948,969	-9%	
General expenses - other	12,285,354	14,245,959	-1,960,605	-14%	Loss was spent on general expenditure than budgeted for
Loss on disposals of property, plant and equipment	1,497	0	1,497	100%	Loss on disposal of PPE not budgeted for
Finance Cost	0	0	0	100%	Finance Cost for partnership not taken into consideration during the budget
TOTAL EXPENDITURE	265,748,471	289,003,028	-23,254,557	-12%	
SURPLUS FOR THE YEAR					
	8,643,817	-27,738,029	36,441,846		

RECEIVED
AUDITED

SURPLUS FOR THE YEAR

30/6/2010

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GROUP

	Actual 2010 R	Budget 2010 R	Variance 2010 R	Variance 2010 %	Explanation of variances greater than 10%
REVENUE					
Interest earned - external investments	10,237,317	8,635,064	1,602,253	19%	Due to projects late implementation, more funds were available for investment.
Interest earned - outstanding debtors	121,815	0	121,815	100%	Interest on outstanding motor loan recovered
Government grants and subsidies	251,769,413	251,614,400	155,013	0%	
Other income	2,262,991	955,535	1,307,456	137%	A donation was received from COGTA not budgeted for, as well as retention written back. The income on this trust was not budgeted for.
Gains on disposals of property, plant and equipment	752	0	752	100%	Gains on disposal of PPE not budgeted for
TOTAL REVENUE	264,392,288	261,204,959	3,187,289	1%	
EXPENDITURE					
Employee related cost	39,213,614	50,201,373	-10,987,759	-22%	Not all positions were filled on the organogram, resulting in less expenditure than budgeted for
Remuneration of Councilors	7,805,155	8,378,207	-573,052	-7%	
Depreciation	2,220,553	1,929,952	290,601	15%	Depreciation on disaster centre completed was not budgeted for
Repairs and maintenance	1,018,334	1,075,934	-57,600	-5%	
Contracted services	838,267	856,943	-18,676	-2%	
Grants and subsidies paid	211,900,544	212,314,860	-414,116	0%	
General expenses - other	12,285,354	14,245,959	-1,960,605	-14%	Less was spent on general expenditure than budgeted for
Loss on disposals of property, plant and equipment	1,497	0	1,497	100%	Loss on disposal of PPE not budgeted for
Finance Cost	0	0	0	100%	Finance Cost for partnership not taken into consideration during the budget
TOTAL EXPENDITURE	275,283,317	269,003,028	-6,271,711	-5%	
SURPLUS FOR THE YEAR	-10,891,029	-27,798,029	16,907,000		

RECEIVED
AUDITED

NAME/DATE

30/6/2010

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX E(2)

Group and Municipality

ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR 30 JUNE 2010

	2010 ACTUAL	2010 WORK IN PROGRESS	2010 TOTAL ADDITIONS	2010 BUDGET	2010 VARIANCE	2010 VARIANCE	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 5% VERSUS BUDGET
	R	R	R	R	R	%	
LAND AND BUILDINGS							
Buildings	23,134,511	84,070,407	107,204,916	103,734,168	(3,470,750)	-3%	Refer to section 31 (a) of M/FMA regarding expenditure on capital projects
	23,134,511	84,070,407	107,204,916	103,734,168	-3,470,750		
OTHER ASSETS							
Equipment	3,096,581	-	3,096,581	2,494,310	(602,271)	-24.1%	Skid units amounting to R 746 128 capitalised hence budget amount exceeded
Furniture	5,690	-	5,690	5,690	-	0%	
	3,102,271	-	3,102,271	2,500,000	(602,271)		
TOTAL	26,236,783	84,070,407	110,307,189	106,234,168	(4,073,021)		

30/06/2010

NAME / DATE

30/06/2010

GERT SIBANDE DISTRICT MUNICIPALITY

APPENDIX F

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

GRANTS AND SUBSIDIES RECEIVED

Name of Grants	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies accounted for	Reason for excluding from the total	If the grant is conditional, the conditions must be met	If the grant is conditional, the conditions must be met
	Sept	Oct	Nov	Dec	Total	Sept	Oct	Nov	Dec	Total				
Equitable share	0	3,564,600	0	0	3,564,600	0	0	0	0	0	0	0	0	0
MIG Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MSIG Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FMG Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CBPWP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OWAF	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0

RECEIVED
 30/11/2010
 HUMAN RESOURCES

GERT SIBANDE DISTRICT MUNICIPALITY

Appendix C

Statement of comparative and actual information for the year ended 30 June 2010

RVA		2009/10								
R		Original Budget	Budget adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Revenue By Source										
	Property rates	0	0	0	0	0	0	0	0.00%	0.00%
	Service charges	0	0	0	0	0	0	0	0.00%	0.00%
	Investment Revenue	8,194,540	670,124	0	8,864,664	10,350,120	0	-1,485,456	116.77%	130.65%
	Transfers recognised - operational	225,224,600	22,360,460	0	247,585,060	281,282,473	0	-33,697,413	105.48%	105.27%
	Other revenue	170,770	764,700	0	935,470	7,267,551	0	-6,332,081	238.83%	133.77%
	Gains on disposal of PPE	0	0	0	0	229	0	-229	0.00%	0.00%
	Total Revenue (excluding capital transfers and contributions)	227,553,310	23,635,184	0	251,188,494	289,900,173	0	-38,711,679	115.38%	127.43%
Expenditure By Type										
	Employee related costs	61,633,110	-10,031,352	-1,600,980	50,000,778	50,210,104	0	20,887,326	78.11%	82.29%
	Remuneration of councillors	6,335,270	35,440	45,600	6,416,310	7,825,754	0	-1,409,444	93.16%	93.05%
	Depreciation & asset impairment	1,577,840	559,440	27,277	2,164,557	2,770,353	0	-605,796	118.54%	104.97%
	Finance charges	0	0	0	0	0	0	0	0.00%	0.00%
	Controlled services	1,085,640	254,440	20,277	1,360,357	628,267	0	-732,090	45.45%	57.87%
	Transfers and grants	184,816,350	17,458,262	0	202,274,612	192,327,498	0	-10,947,114	95.07%	98.74%
	Other expenditure	14,992,700	-48,850	1,017,886	15,961,736	13,333,561	0	-2,628,175	83.59%	88.72%
	Loss on disposal of PPE	0	0	0	0	1,499	0	-1,499	0.00%	0.00%
	Total Expenditure	202,713,970	6,279,051	-3	208,990,018	255,746,671	0	-46,756,653	124.78%	127.43%
	Surplus/(Deficit)	-45,164,660	17,366,633	3	-27,783,024	-65,846,500	0	-38,063,476	-104.73%	-107.17%
	Transfers recognised - capital	0	0	0	0	0	0	0	0.00%	0.00%
	Contributions recognised - capital	0	0	0	0	0	0	0	0.00%	0.00%
	Controlled assets	-45,267,931	-17,366,227	0	-62,634,158	-110,554,438	0	-47,920,279	-100.87%	-100.87%
	Surplus/(Deficit) after capital transfers & contributions	-124,412,600	730,461	3	-123,682,139	-101,360,632	0	-22,321,507	-81.89%	-81.89%
	Surplus/(Deficit) for this year	-124,412,600	730,461	3	-123,682,139	-101,360,632	0	-22,321,507	-81.89%	-81.89%
Capital expenditure & funds resources										
	Capital Expenditure	0	0	0	0	0	0	0	0.00%	0.00%
	Donations	0	0	0	0	0	0	0	0.00%	0.00%
	Internally generated funds	0	0	0	0	0	0	0	0.00%	0.00%
	Total sources of Capital funds	0	0	0	0	0	0	0	0.00%	0.00%
Cash flows										
	Net cash from (used) operating	-45,767,931	-17,366,227	0	-63,134,158	-746,728	0	-62,387,430	-98.82%	-98.82%
	Net cash from (used) investing	0	0	0	0	0	0	0	0.00%	0.00%
	Net cash from (used) operating	-45,767,931	-17,366,227	0	-63,134,158	-746,728	0	-62,387,430	-98.82%	-98.82%
	Cash/cash equivalents at the year end	0	0	0	0	0	0	0	0.00%	0.00%

RECEIVED
AUDITED

Auditor General

30/11/2010